

AMENDED IN SENATE JULY 12, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 946

Introduced by Assembly Member Butler

February 18, 2011

An act to amend Section ~~279~~ 95.31 of the Revenue and Taxation Code, relating to ~~taxation~~ *local government finance*.

LEGISLATIVE COUNSEL'S DIGEST

AB 946, as amended, Butler. Property tax ~~exemption: principal residence: veterans and their unmarried surviving spouses: administration: loan program.~~

Existing property tax law ~~provides, pursuant to the authorization of the California Constitution, for the exemption from property taxation of the principal residence of a disabled veteran, a veteran's spouse, and the unmarried surviving spouse, in the case in which the veteran has, as a result of a service-connected disease or injury, died while on active duty in military service. Existing law provides when that property becomes eligible for that exemption and also provides when that eligibility terminates~~ *authorized an eligible county, as defined, upon the recommendation of the assessor and by resolution of its board of supervisors, to elect to participate in the State-County Property Tax Administration Program, pursuant to which a participating county received, in specified fiscal years, a loan from the state, as specified, for the purposes of providing supplemental funding for that county's local administration of the ad valorem property tax.*

This bill would ~~make technical, nonsubstantive changes that would consolidate the provisions relating to the date when property becomes eligible for the disabled veterans' exemption, and would make other~~

~~conforming changes. This bill would also make other clarifying changes, including clarifying that the exemption terminates for a unmarried surviving spouse of a disabled veteran when that surviving spouse remarries~~ *reauthorize the State-County Property Tax Administration Program to allow eligible counties, as defined, to elect to participate in the program to receive a loan in each fiscal year from the 2011–12 fiscal year to the 2015–16 fiscal year, inclusive. This bill would also require the California Assessors' Association to report to the Senate Committee on Budget and Fiscal Review and the Assembly Committee on Budget regarding participating counties, as specified.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 95.31 of the Revenue and Taxation Code*
2 *is amended to read:*
3 95.31. (a) (1) ~~Notwithstanding any other provision of law,~~
4 any eligible county may, upon the recommendation of the county
5 assessor, and by resolution of the board of supervisors of that
6 county adopted not later than ~~December~~ *February* 1 of the fiscal
7 year for which it is to first apply, elect to participate in the
8 State-County Property Tax Administration Loan Program.
9 (2) ~~Except as specified in paragraph (3), for~~ *For* the purposes
10 of this section, an eligible county shall mean a county in which
11 additional property tax revenue allocated to school entities would
12 reduce the amount of General Fund moneys apportioned to school
13 entities. However, eligibility shall be terminated when, in
14 combination with resources in the Educational Revenue
15 Augmentation Fund, additional property tax revenues allocated to
16 school entities will not result in a reduction in the General Fund
17 apportionments.
18 (3) ~~Notwithstanding paragraph (2), both the County of Solano~~
19 ~~and the County of San Benito shall be deemed eligible counties~~
20 ~~that may, upon the recommendation of the county assessor, and~~
21 ~~by resolution of the board of supervisors of the county adopted on~~
22 ~~or before March 31, 1996, elect to participate in the State-County~~
23 ~~Property Tax Administration Loan Program.~~
24 (4) ~~Notwithstanding paragraph (1), any county in which a new~~
25 assessor is elected in 1998 may, upon the recommendation of the

1 ~~county assessor, and by resolution of the board of supervisors of~~
2 ~~the county adopted on or before January 31, 1999, elect to~~
3 ~~participate in the State-County Property Tax Administration Loan~~
4 ~~Program commencing with the 1998-99 fiscal year.~~

5 (b) (1) In each fiscal year from the ~~1995-96~~ 2011-12 fiscal
6 year to the ~~2001-02~~ 2015-16 fiscal year, inclusive, an eligible
7 county participating in the State-County Property Tax
8 Administration Loan Program may receive a loan for up to the
9 amount listed in paragraph (3). The loan shall be repaid by June
10 30 of the fiscal year following the year in which the loan is made.
11 However, at the discretion of the Director of Finance, the loan may
12 be renewed once for an additional 12-month period at the request
13 of the participating county board of supervisors. ~~For the Counties~~
14 ~~of Fresno, Orange, San Benito, and Solano any loan agreement~~
15 ~~signed on or before July 31, 1996, shall be deemed a loan~~
16 ~~agreement for the 1995-96 fiscal year for the purposes of this~~
17 ~~section. For any county in which a new assessor is elected in 1998,~~
18 ~~any loan agreement signed on or before January 31, 1999, shall~~
19 ~~be deemed a loan agreement for the 1998-99 fiscal year for the~~
20 ~~purposes of this section.~~

21 (2) If an eligible county elects to participate in the State-County
22 Property Tax Administration Loan Program, it shall enter into a
23 contractual agreement with the Department of Finance. At a
24 minimum, the contractual agreement shall include the following:

25 (A) The loan amount, as determined by the Director of Finance.

26 (B) Repayment provisions, including the interception of Motor
27 Vehicle License Fee Account moneys apportioned pursuant to
28 Section 11005 to repay the General Fund.

29 (C) A listing of the proposed use of the additional resources
30 including, but not limited to:

31 (i) Proposed new positions.

32 (ii) Increased automation costs.

33 (D) ~~An~~ Commencing in the 2012 fiscal year, an agreement to
34 provide to the Department of Finance, by March 31 of the fiscal
35 year in which the loan is made, a report projecting the impact of
36 the increased funding in the current and subsequent fiscal year.

37 (E) An agreement to provide the Department of Finance an
38 audit report detailing the county's basis for satisfying the terms
39 of the loan agreement. The report shall be provided by October 1
40 of the fiscal year following the year in which the loan is made.

(F) An agreement to use the funds for the purposes stated, and, should any portion of the funds be diverted to a different, unapproved use, to return an amount equal to the diverted funds to the state regardless of whether or not other terms of the agreement are satisfied.

(3) Upon request of the Department of Finance, the Controller shall provide a loan to the following counties for up to the amount specified by the Director of Finance, not to exceed the following amounts:

Jurisdiction	Amount
Alameda	\$ 2,152,429
	3,597,414.49
Alpine	3,124
	50,000.00
Amador	80,865
	84,884.74
Butte	381,956
	339,221.56
Calaveras	109,897
	125,711.59
Colusa	53,957
	50,000.00
Contra Costa	2,022,088
	2,661,514.92
Del Norte	36,203
	50,000.00
El Dorado	302,795
	500,178.71
Fresno	1,165,249
	1,070,650.34
Glenn	59,197
	50,000.00
Humboldt	210,806
	200,082.72
Imperial	231,673
	194,085.89
Inyo	100,080
	76,218.55

1	Kern	1,211,318
2		1,380,856.07
3	Kings	138,653
4		156,128.75
5	Lake	117,376
6		126,266.06
7	Lassen	54,699
8		50,000.00
9	Los Angeles	13,451,670
10		19,541,022.69
11	Madera	212,991
12		202,353.21
13	Marin	790,490
14		1,033,995.76
15	Mariposa	46,476
16		50,000.00
17	Mendocino	160,435
18		185,211.95
19	Merced	298,004
20		309,114.75
21	Modoc	24,022
22		50,000.00
23	Mono	47,778
24		108,273.73
25	Monterey	795,819
26		911,532.24
27	Napa	366,020
28		495,016.41
29	Nevada	234,292
30		307,121.22
31	Orange	6,826,325
32		7,643,925.87
33	Placer	628,047
34		1,042,694.84
35	Plumas	80,606
36		70,809.37
37	Riverside	2,358,068
38		3,896,893.30
39	Sacramento	1,554,245
40		2,308,128.57

1	San Benito	90,408
2		<i>111,129.49</i>
3	San Bernardino	2,139,938
4		<i>3,114,103.20</i>
5	San Diego	5,413,943
6		<i>7,108,480.10</i>
7	San Francisco	1,013,332
8		<i>2,735,297.69</i>
9	San Joaquin	818,686
10		<i>1,023,588.01</i>
11	San Luis Obispo	736,288
12		<i>729,247.75</i>
13	San Mateo	2,220,001
14		<i>2,631,042.86</i>
15	Santa Barbara	926,817
16		<i>1,114,551.00</i>
17	Santa Clara	4,213,639
18		<i>5,546,096.80</i>
19	Santa Cruz	565,328
20		<i>609,524.84</i>
21	Shasta	342,399
22		<i>285,322.39</i>
23	Sierra	7,383
24		<i>50,000.00</i>
25	Siskiyou	91,164
26		<i>76,546.32</i>
27	Solano	469,207
28		<i>754,150.47</i>
29	Sonoma	1,035,049
30		<i>1,246,693.76</i>
31	Stanislaus	866,155
32		<i>673,145.07</i>
33	Sutter	147,436
34		<i>149,209.53</i>
35	Tehama	97,222
36		<i>86,231.96</i>
37	Trinity	24,913
38		<i>50,000.00</i>
39	Tulare	501,907
40		<i>499,088.04</i>

1	Tuolumne	126,067
2		120,823.06
3	Ventura	1,477,789
4		1,904,605.02
5	Yolo	278,309
6		373,673.88
7	Yuba	88,968
8		88,041.89
9		

(4) The Department of Finance shall consider any or all of the following items in determining the extent to which a county has satisfied the terms and repaid the loan, pursuant to the contract, as offered under this part:

(A) County performance as indicated by the State Board of Equalization's sample survey required pursuant to Section 15640 of the Government Code.

(B) Performance measures adopted by the California Assessors' Association.

(C) Reduction of backlog of assessment appeals and Proposition 8 declines in value.

(D) County compliance with mandatory audits required by Section 469.

(E) Reduction of backlogs in new construction, changes in ownership, and supplemental roll.

(F) Other measures, as determined by the Director of Finance.

(5) The Director of Finance shall notify the Controller of any participating county that fails to comply with the terms of the agreement, including the repayment of the loan. When the Controller receives notice from the Director of Finance, the Controller shall make an apportionment to the General Fund on behalf of the participating county in the amount of that required payment for the purpose of making that payment. The Controller shall make that payment only from moneys credited to the Motor Vehicle License Fee Account in the Transportation Tax Fund to which the participating county is entitled at that time under Chapter 5 (commencing with Section 11001) of Part 5 of Division 2, and shall thereupon reduce, by the amount of the payment, the subsequent allocation or allocations to which the county would otherwise be entitled under that chapter.

(c) (1) Funds appropriated for purposes of this section shall be used to enhance the property tax administration system by providing supplemental resources. Amounts provided to any county as a loan pursuant to this section shall not be used to supplant the current level of funding. In order to participate in the State-County Property Tax Administration Loan Program, a participating county shall maintain a base staffing, including contract staff, and total funding level in the county assessor's office, independent of the loan proceeds provided pursuant to this act, equal to the levels in the ~~1994-95~~ 2011-12 fiscal year exclusive of amounts provided to the assessor's office pursuant to Item 9100-102-001 of the Budget Act of 1994. ~~However, in a county in which the 1994-95 funding level for the assessor's office was higher than the 1993-94 level, the 1993-94 fiscal year staffing and funding levels shall be considered the base year for purposes of this section. Commencing with the 1996-97 fiscal year, if a county was otherwise eligible but was unable to participate in this program in the 1995-96 fiscal year because it did not meet the funding level and staffing requirements of this paragraph, that county shall maintain a base staffing, including contract staff, and total funding level in the county assessor's office equal to the levels in the 1995-96 fiscal year.~~

(2) Prior to the assessor's recommendation for participation in the State-County Property Tax Administration Loan Program, the assessor shall consult with the county tax collector, and any other county agency directly involved in property tax administration, to discuss the needs of the program for the duration of the contractual agreement.

(d) A participating county may establish a tracking system whereby a work or function number is assigned to each appraisal or administrative activity. That system should provide statistical data on the number of production units performed by each employee and the positive and negative change in assessed value attributable to the activities performed by each employee.

(e) Notwithstanding Section 95.3, no amount of funds provided to an eligible county pursuant to this section shall result in any deduction from those property tax administrative costs that are eligible for reimbursement pursuant to Section 95.3.

(f) At the request of the Department of Finance, the board shall assist the Department of Finance in evaluating contracts entered into pursuant to this section.

(g) *On or before December 1, 2013, the California Assessors' Association shall provide to the Senate Committee on Budget and Fiscal Review and the Assembly Committee on Budget a report summarizing the reports provided by participating counties.*

~~SECTION 1. Section 279 of the Revenue and Taxation Code is amended to read:~~

~~279. (a) Subject to the provisions regarding cancellations and the limitation periods on refunds, property becomes eligible for the disabled veterans' property tax exemption, as described in Section 205.5, as of:~~

~~(1) The effective date of a disability rating, as determined by the United States Department of Veterans Affairs, that qualifies the claimant for the exemption.~~

~~(2) The date a qualified claimant purchases a property that constitutes the principal place of residence, provided residency is established within 90 days of purchase.~~

~~(3) The date a qualified claimant establishes residency at a property owned by the claimant or the spouse, as specified in subdivision (a) of Section 205.5.~~

~~(4) The date the veteran died, as a result of a service-connected injury or disease, in the case where the unmarried surviving spouse is the claimant.~~

~~(b) A claim for the disabled veterans' property tax exemption filed by a qualified claimant, once granted, shall remain in continuous effect unless any of the following occurs:~~

~~(1) Title to the property changes.~~

~~(2) The owner does not occupy the dwelling as his or her principal place of residence.~~

~~(A) If the claimant is confined to a hospital or other care facility but principally resided at a dwelling immediately prior to that confinement, the claimant will be deemed to occupy that same dwelling as his or her principal place of residence on the lien date, provided that the dwelling has not been rented or leased as described in Section 205.5.~~

~~(B) If a person receiving the disabled veterans' exemption is not occupying the dwelling because the dwelling was damaged in a misfortune or calamity, the person will be deemed to occupy that~~

1 same dwelling as his or her principal place of residence, provided
2 the person's absence from the dwelling is temporary and the person
3 intends to return to the dwelling when possible to do so. Except
4 as provided in subparagraph (C), when a dwelling has been totally
5 destroyed, and thus no dwelling exists, the exemption provided
6 by Section 205.5 is not applicable until the structure has been
7 replaced and is occupied as a dwelling.

8 (C) A dwelling that was totally destroyed in a disaster for which
9 the Governor proclaimed a state of emergency, that qualified for
10 the exemption provided by Section 205.5 and has not changed
11 ownership since the disaster, will be deemed occupied by the
12 person receiving a disabled veterans' exemption provided the
13 person intends to reconstruct a dwelling on the property and occupy
14 the dwelling as his or her principal place of residence when it is
15 possible to do so.

16 (3) The property is altered so that it is no longer a dwelling.

17 (4) The veteran is no longer disabled as defined in Section 205.5.

18 (5) The unmarried surviving spouse claimant remarries.

19 (e) The assessor of each county shall verify the continued
20 eligibility of each person receiving a disabled veterans' exemption;
21 and shall provide for a periodic audit of, and establish a control
22 system to monitor, disabled veterans' exemption claims.